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SERVICE SECTOR INDICATORS

Center for International Business Cycle Research
Columbia University Business School, New York, New York 10027 (212) 280-2916

Dr. Geoffrey H. Moore, Director

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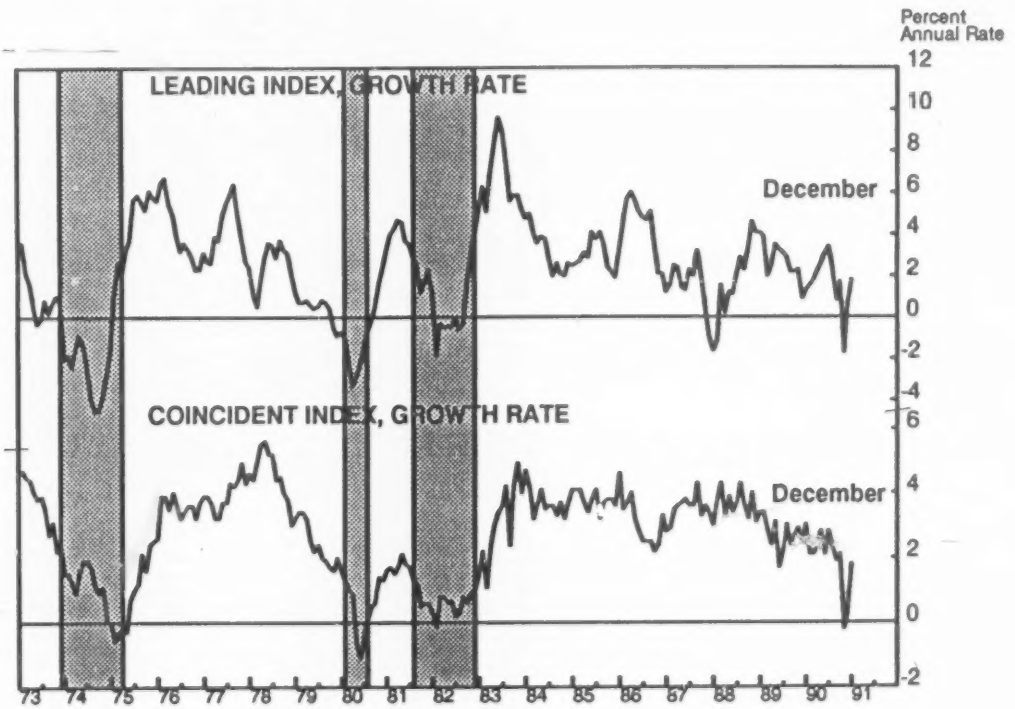
SERVICES INDEXES UP AGAIN

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research (CIBCR), rose from a revised 165.3 in November to 166.6 in December, pushing its smoothed annualized growth rate up from a revised 0.6% in November to 1.8% in December. The rise was caused by increases in the average workweek and stock prices for the service sector, partly offset by a troubling drop in construction contracts for commercial buildings to a 15-year low.

The coincident index of service sector activity also rose nearly two points from a revised 192.0 in November to 193.7 in December, raising its smoothed annualized growth rate from a revised 0.3% in November to 1.8% in December. The rise was caused by increases in all available components, namely, personal consumption expenditures, labor income, and employee hours in the service sector.

The second successive rise in both indexes, particularly the significant rises in December, is a hopeful sign for future services activity.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Profit Margins, Services (cents per dollar)
	1.	2.	3.	4.	5.	6.
1989:						
Sept.	163.2r	2.2r	32.74	832	122.1	4.37
Oct.	163.6r	2.3r	32.81	849r	122.6	4.29
Nov.	162.7r	0.9r	32.69	735r	120.1	4.22
Dec.	163.2r	1.3r	32.69	690r	120.6	4.29
1990:						
Jan.	163.6r	1.5r	32.61	813r	116.5	4.36
Feb.	164.1r	1.8	32.74	734r	112.1	4.44
Mar.	164.8r	2.2r	32.76	705r	114.6	4.49
Apr.	165.5r	2.6r	32.81	718r	113.8	4.54
May	166.2r	3.1r	32.76	728r	117.3	4.59
June	166.8r	3.4r	32.83	665r	121.2	4.57
July	166.2r	2.3r	32.78	548r	118.5	4.54
Aug.	165.1r	0.8r	32.66	574	106.0	4.51
Sept.	166.1r	1.7r	32.92	585r	100.1	n.a.
Oct.	163.3r	-1.7r	32.39r	550r	98.0	n.a.
Nov.	165.3r	0.6r	32.62r	552r	102.0	n.a.
Dec.	166.6	1.8	32.87	410	107.8	n.a.

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1989:						
Sept.	189.2	2.7	1928.9	1316.2	696.4	112.8
Oct.	189.9	2.9	1934.3	1319.3	698.6	113.6
Nov.	189.9	2.5	1939.7	1318.4	698.1	113.4
Dec.	190.8	3.0	1941.0	1333.7	700.8	113.9
1990:						
Jan.	190.3	2.1	1942.4	1318.8	696.6	114.6
Feb.	190.6	2.1	1943.7	1323.2	697.6	114.6
Mar.	191.3	2.4	1946.6	1330.5	701.5	114.9
Apr.	192.1	2.8	1949.6	1336.9	706.0	115.5
May	191.8	2.1	1952.5	1336.6	705.1	115.0
June	192.9	2.8	1957.4	1349.1	707.6	115.8
July	192.9	2.3	1962.4	1347.7	707.2	115.6
Aug.	192.8	1.9	1967.3	1351.5	705.3	115.2
Sept.	193.4r	2.1r	1967.7	1353.2	706.9	116.3
Oct.	191.3r	-0.2r	1968.2	1350.3r	690.1r	114.4
Nov.	192.0r	0.3r	1968.6	1348.6r	695.9r	115.1r
Dec.	193.7	1.8	n.a.	1360.3	703.2	116.0

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Cols. 1,2,4 and 6 are revised because of revisions in Construction Contracts and a new series for Profit Margins.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This quarterly series is (1) corporate profits with inventory valuation and without capital consumption adjustments for transportation and public utilities, wholesale and retail trade, finance, insurance and real estate, and services, divided by (2) gross national product for services, both in current dollars as compiled by the Department of Commerce. Quarterly data are interpolated by CIBCR.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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